



Investment Management Standard

Information Session 2024 - Muswellbrook Shire Council



Acknowledgement of Country

Ideas Advisory acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their elders past, present and emerging.

We extend that respect to all Aboriginal and Torres Strait Islander people today.

Chatham House Rule

When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.



Event Speakers



Greg Gough

Managing Director,
Ideas Advisory



www.ideasadvisory.com.au

greg@ideasadvisory.com.au

www.linkedin.com/in/greggoughideasadvisory

www.linkedin.com/company/ideas-advisory

0411 885 889



Slides

<https://ideasadvisory.com.au/services/information-sessions/slide-packs/>

The screenshot shows the Ideas Advisory website. At the top, there is a teal header with contact information: +61 411 885 889 and info@ideasadvisory.com.au. The main navigation bar includes 'Welcome', 'Our people', 'Services' (circled in red with a '1'), 'IMS', 'Business Case', and 'Articles'. A search icon is also present. Below the navigation is a large teal banner with the text 'Slide packs' in white. Underneath the banner, there are three main sections of content:

- Building the Business Case**
 - Slide pack 2024
 - Slide pack 2023
- How modern government works**
 - Slide pack 2024
 - Slide pack VRGF 03 2024
- Investment Management Standard Informatic**
 - Slide Pack 2024 Muswellbrook Shire Council

A secondary navigation menu is open, showing a list of services: 'Investment logic mapping', 'Pre-budget business case review', 'Business case development', 'Benefit management', 'Corporate planning', 'Information sessions' (circled in red with a '2'), 'Graphic recording', 'Gateway reviews', 'Expert panels', 'Clients', and 'Testimonials'. A sub-menu for 'Information sessions' is also visible, containing 'Investment Management Standard', 'Business case training', 'IPAA', and 'Slide packs' (circled in red with a '3').

At the bottom of the page, there is a small disclaimer: 'Ideas Advisory would like to acknowledge the © State of Victoria, © State of New South Wales and the © Cor... developing some of these materials.'

This session will cover...

History of its evolution

- The need for a different approach
- Key concepts

How it is used

- Shaping new investments (the budget process)
- Wider uses

It's impact

- Role in better government

Getting started

- Using an Accredited Facilitator

Seeking new insights

- Your observations/wisdom

History of the IMS evolution...

The need for a different approach

....something wasn't working (2004)

We poorly define the need for an investment

Millions spent on unnecessary business cases

We don't define benefits and we never track benefits

“Solutions looking for problems”

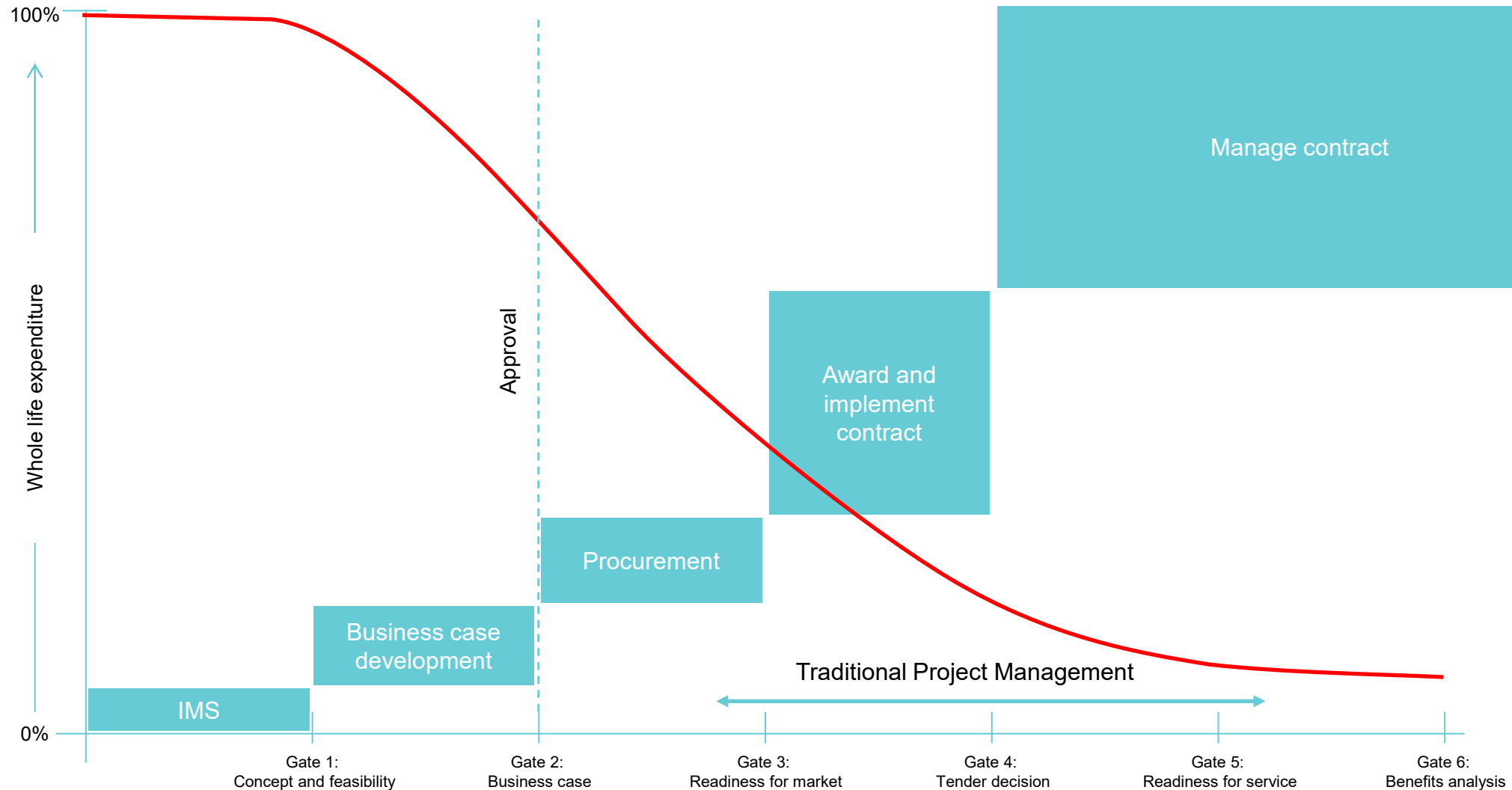
Disconnect between good policy and its implementation

Little consideration of genuine strategic options

Inability to prioritise competing investments

*The importance of
getting it right early*

Opportunity to influence the outcome of an investment



Investment Decision-Maker's Checklist - 16 Question Tool

PROBLEM	BENEFITS	RESPONSE	SOLUTION
1. Is it clear what the problem is that needs to be addressed - both the cause and effect?	5. Have the benefits that will result from fixing the problem been adequately defined?	9. Has a reasonable spread of interventions been identified and packaged into sensible response options?	13. Consistent with the preferred response option, has a reasonable spread of project options been analysed?
2. Is there sufficient evidence to confirm both the cause and effect of the problem?	6. Are the benefits of high value to the government?	10. Is there evidence to demonstrate that the response options are feasible and can respond to future uncertainty?	14. Is the recommended solution the best value for money action, and have opportunities for building flexibility to deal with uncertainty been considered?
3. Does the problem need to be addressed now and by this government?	7. Are the KPIs SMART and will they provide strong evidence that the benefits have been delivered?	11. Were the options evaluated fairly to reflect their ability to respond to the problem, deliver the benefits?	15. Is the solution specified clearly and fully and have opportunities for adding value been identified and costed? (all business changes and assets)
4. Does the defined problem capture its full extent/scope including sources of future uncertainty?	8. Have the sources of uncertainty and key dependencies critical to benefit delivery been considered?	12. Is the preferred response option the most effective way to address the problem and deliver the benefits?	16. Can the solution really be delivered (cost, risk, timeframes etc.)?

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2. Is there sufficient evidence to confirm both the cause and effect of the problem?	<p style="text-align: center;">Investment case</p> <p><i>....is it a real problem that needs to be addressed now by government?</i></p>		14. Is the recommended solution the best value for money action, and have opportunities for building flexibility to deal with uncertainty been considered?
3. Does the problem addressed now by government?			<p style="text-align: center;">Delivery case</p> <p><i>....is likely to deliver what it says?</i></p>
4. Does the defined problem capture its full extent/scope including sources of future uncertainty?	8. Have the sources of uncertainty and key dependencies critical to benefit delivery been considered?	12. Is the preferred response option the most effective way to address the problem and deliver the benefits?	16. Can the solution really be delivered (cost, risk, timeframes etc.)?

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WEAK

WEAK

WEAK

STRONG

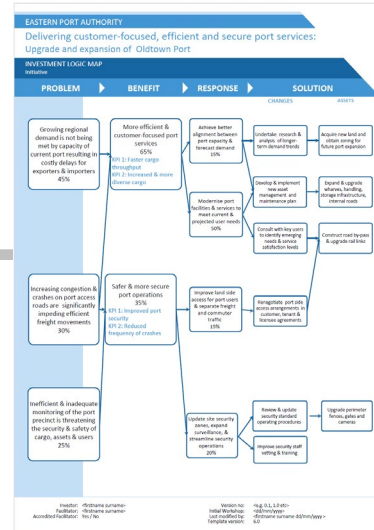
Typical budget process

16 Questions

Investment Decision-Maker's Checklist 16 Question tool			
PROBLEM	BENEFITS	RESPONSE	SOLUTION
1. Is it clear what the problem is that needs to be addressed? (both the cause and effect)?	5. Have the benefits that will result from being the problem been adequately defined?	9. Has a reasonable spread of interventions been identified and packaged into sensible response options?	13. Consistent with the preferred response, has a reasonable spread of project options been analysed?
Yes Partial No	Yes Partial No	Yes Partial No	Yes Partial No
2. Is there sufficient evidence to confirm both the cause and effect of the problem?	6. Are the benefits of high value to the government?	10. Is there evidence to demonstrate that the response options are feasible and can respond to future uncertainty?	14. Is the recommended solution the best value for money option, and have opportunities for building flexibility to deal with uncertainty been considered?
Yes Partial No	Yes Partial No	Yes Partial No	Yes Partial No
3. Do the problem need to be addressed now and by the government?	7. Are the NPV, SMART and will they provide strong evidence that the benefits have been demonstrated?	11. Were the options evaluated fairly to reflect their ability to respond to the problem, deliver the benefits? (all business changes and assets)	15. Is the solution specified clearly and fully and have opportunities for adding value been identified and costed? (all business changes and assets)
Yes Partial No	Yes Partial No	Yes Partial No	Yes Partial No
4. Does the defined problem capture in full all dependencies including sources of future uncertainty?	8. Have the sources of uncertainty and key dependencies critical to benefit delivery been considered?	12. Is the preferred response option the most effective way to address the problem and deliver the benefits?	16. Can the solution really be delivered (cost, risk, timelines, etc.)?
Yes Partial No	Yes Partial No	Yes Partial No	Yes Partial No



Investment Management Standard



Business Case

[Submission name]
Proposed BP3 initiative name: [Proposed BP3 initiative name]
[Department name]

Senior Responsible Officer attestation

The undersigned attests that this business case:

- has been prepared in compliance with the policy and legislative requirements outlined in Ministerial Letter 17 issued under the Project Development and Construction Management Act 1994 (VIC) and with consideration of the Investment Lifecycle and High Value Risk Guidelines (both available on the CTF website);
- will achieve the full intended service outcome;
- will achieve the intended service outcome subject to the following additional investments:
 - (Additional investment 1)
 - (Additional investment 2)
 - (Additional investment 3)

Signature: _____ Date: _____
Name of Senior Responsible Officer: _____
Title: _____

PROTECTED/CABINET-IN-CONFIDENCE

Investment Analysis & Advice

<p>Part 1. PROBLEM</p> <p>1. Is it clear what the problem is that needs to be addressed? (both the cause and effect)?</p> <p>2. Is there sufficient evidence to confirm both the cause and effect of the problem?</p> <p>3. Do the problem need to be addressed now and by the government?</p> <p>4. Does the defined problem capture in full all dependencies including sources of future uncertainty?</p>	<p>Assessment</p> <p>There is a need for improved port services in the current business context, to be given conditions and a clear location.</p> <p>The problem is clearly defined, to meet all the port needs in small city like Orltown.</p>
<p>Part 2. BENEFITS</p> <p>5. Have the benefits that will result from being the problem been adequately defined?</p> <p>6. Will the NPV that has been specified provide reasonable evidence that the benefits have been adequately defined?</p> <p>7. Are the NPV both reasonable and totally attributable to the investment?</p> <p>8. Are the benefits of high value to the organisation? (following its objectives)</p>	<p>Assessment</p> <p>The benefits and NPV are clear, but higher NPV targets need to be set.</p>
<p>Part 3. STRATEGIC RESPONSE</p> <p>9. Has a sufficient range of strategic interventions been explored? (demand, productivity & supply)</p> <p>10. Is it clear what strategic interventions are proposed and the rationale for their selection?</p> <p>11. Are the proposed interventions the most effective response to the problem? (competitiveness and resilience)</p> <p>12. Are the proposed interventions feasible?</p>	<p>Assessment</p> <p>When well needs to be done to clarify the proposed strategic interventions, and to fully consider service delivery improvements to complement facility improvements. This will be required to achieve all of the NPV.</p>
<p>Part 4. SOLUTION</p> <p>13. Consistent with strategic interventions, has a reasonable spread of solutions been analysed?</p> <p>14. Is the proposed solution specified clearly and fully? (all business changes and assets)</p> <p>15. Is the proposed solution the best one to respond to the problem and deliver the expected benefits?</p>	<p>Assessment</p> <p>The case for a new facility in Orltown is presented, but additional competitors, options to improve service delivery and resilience are also required to maximise outcomes and achieve the NPV.</p>



Improved quality of proposals

- policy merit
- deliverability

Improved quality of analysis and advice to Government



“Key concepts”

The Investment Management Standard

‘... is a collection of simple, commonsense ideas and practices that help organisations direct resources to deliver the best outcomes.’

Definition of investment

‘The commitment of the resources of an organisation with the expectation of receiving a benefit’

The practices are founded on three principles:

1. The best way to pool knowledge is through an informed discussion that brings together those people with the most knowledge of a subject
2. The 'investment story' is best depicted on a single page using language and concepts that can be understood by a layperson
3. Each investment should have clearly defined benefits that align with the outcomes the organisation is seeking.

...its all about the 'informed discussion'

Informed	Requires the participation of the Investor and those people who are most informed on the topic.
Decision-making	They are structured to address a sequence of decisions that are central to the potential investment.
Plain English	The story of the investment is told in simple concepts and language in a way that can be understood by the layman. Word limits require that direct language is used. The investment story is depicted on a single page in the form of an Investment Logic Map .
Evidence based	Each statement of the story must be able to be supported by evidence.
2-hour limit	Discussions do not exceed two-hours in duration. This has been found to be short enough to obtain the time commitment of senior people, and long enough to extract an agreed investment story. (Online can differ)
Concluding the discussion	The 48 hours following are used to conclude the discussion. During this period, the first version of the investment story is circulated, and any outstanding matters are electronically discussed and resolved.
Facilitated	The Facilitator is responsible for: <ul style="list-style-type: none">▪ Extracting and telling the investment story in a way that will maximise its value to the organisation and is expressed in plain language and concepts▪ Obtaining the agreement of all participants to the investment story▪ Ensuring that each statement can be supported by evidence.



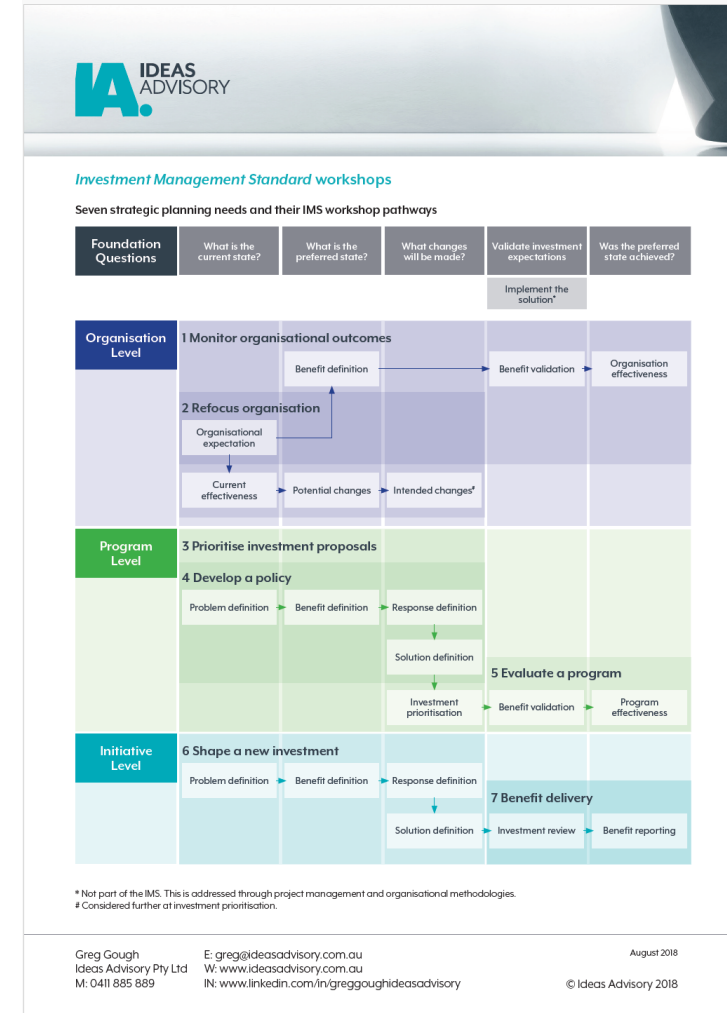
How it is used...

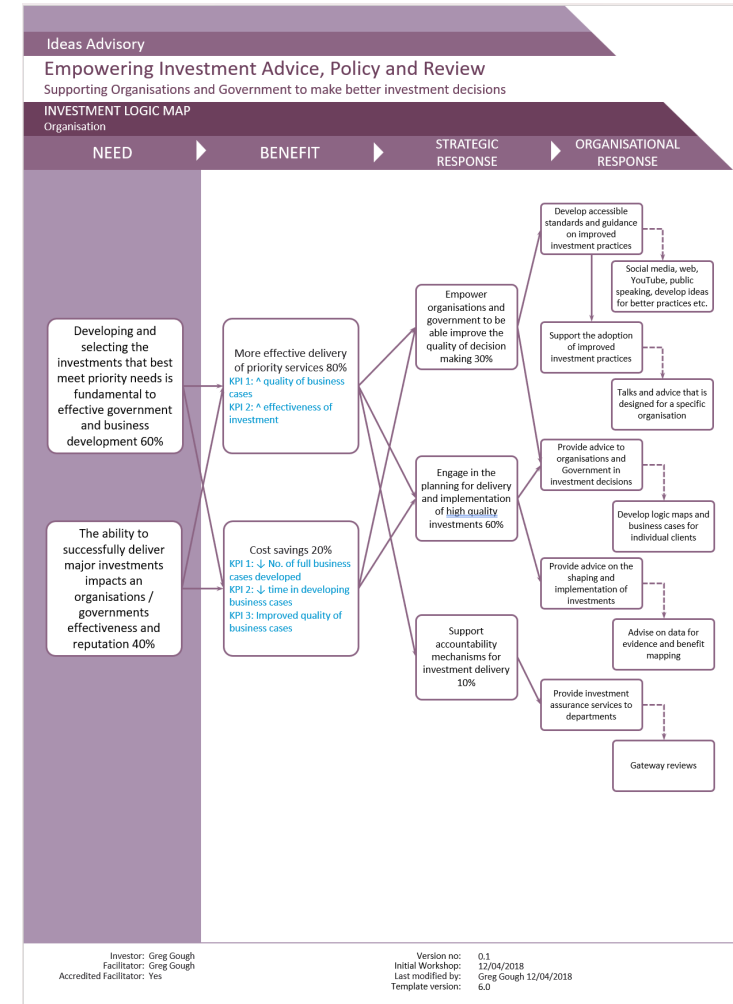
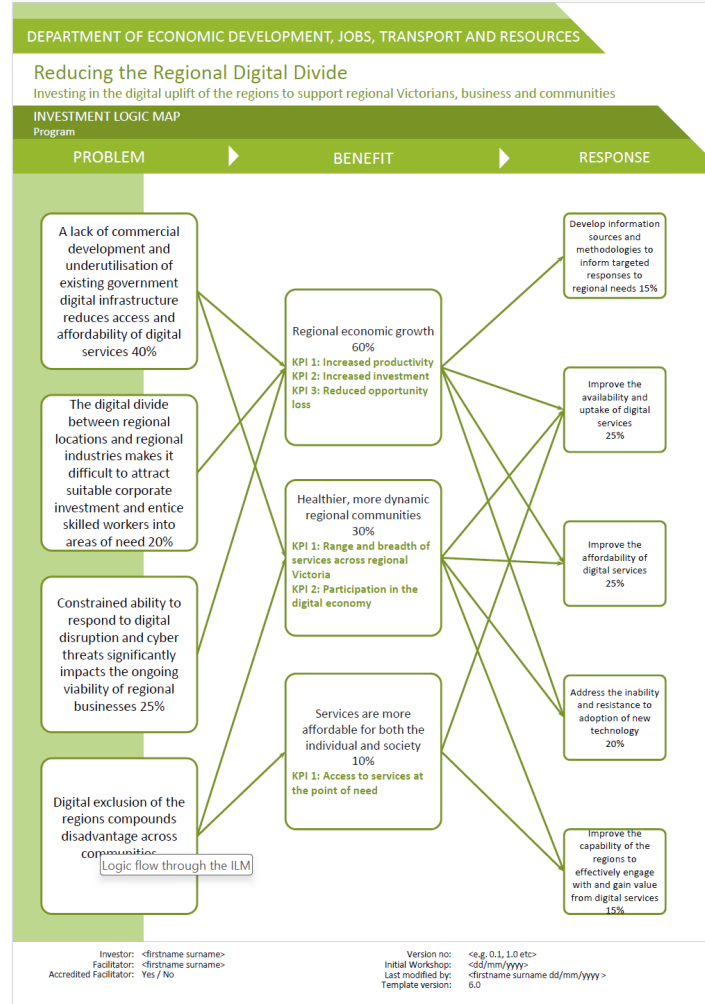
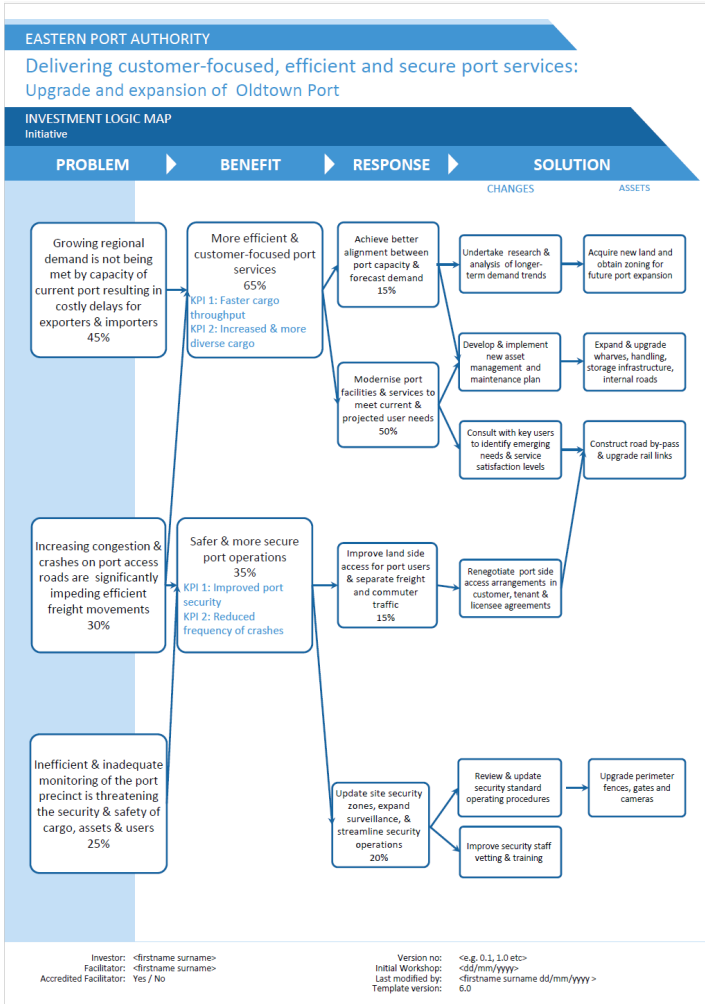
The 7 practises

Investment Management can be used to...

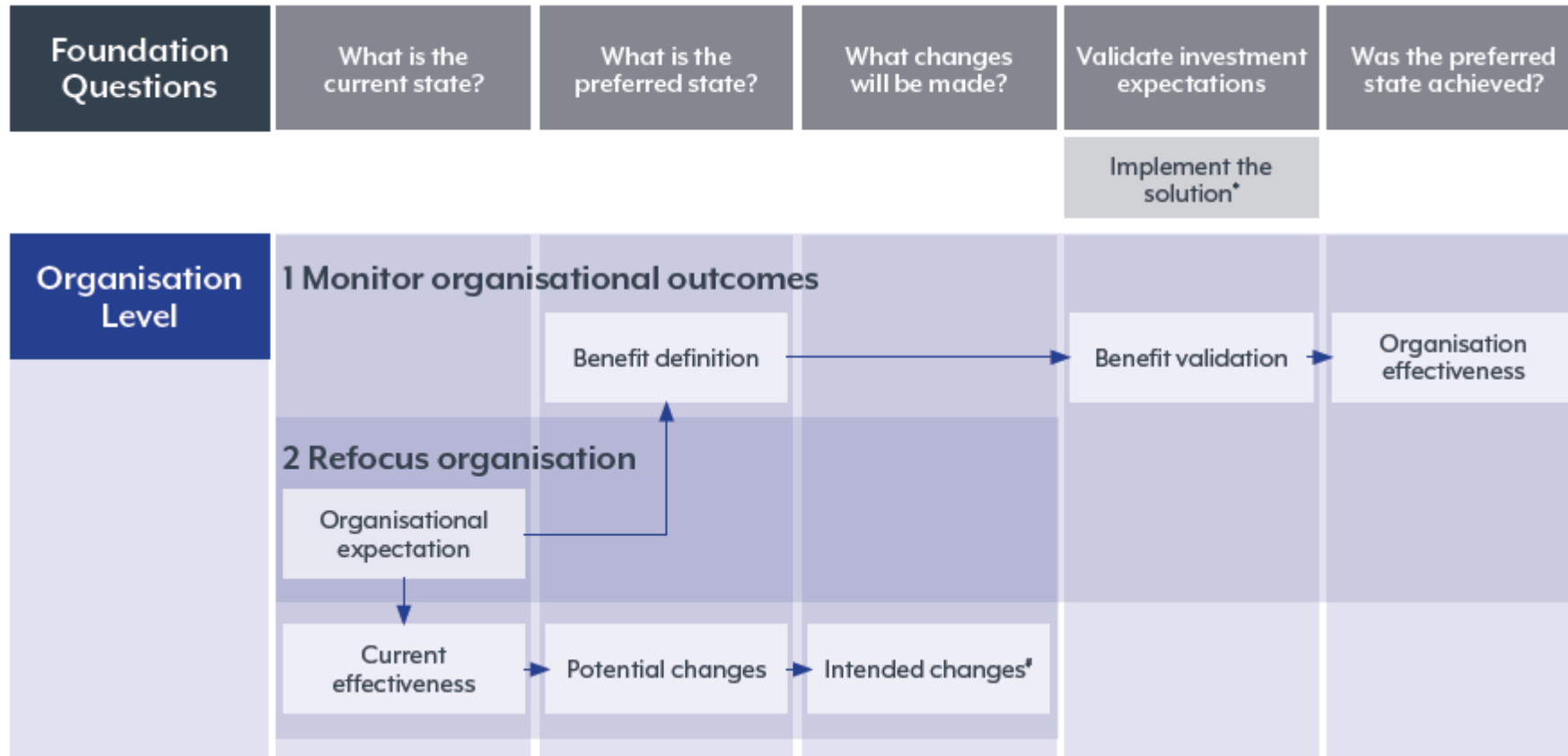
Seven strategic planning needs and their IMS workshop pathways

- Shape a new investment
- Prioritise investment proposals
- Monitor and measure the delivery of benefits
- Evaluate a program of investment
- Develop new policy
- Improve an organisation's focus and effectiveness
- Monitor an organisation's outcomes



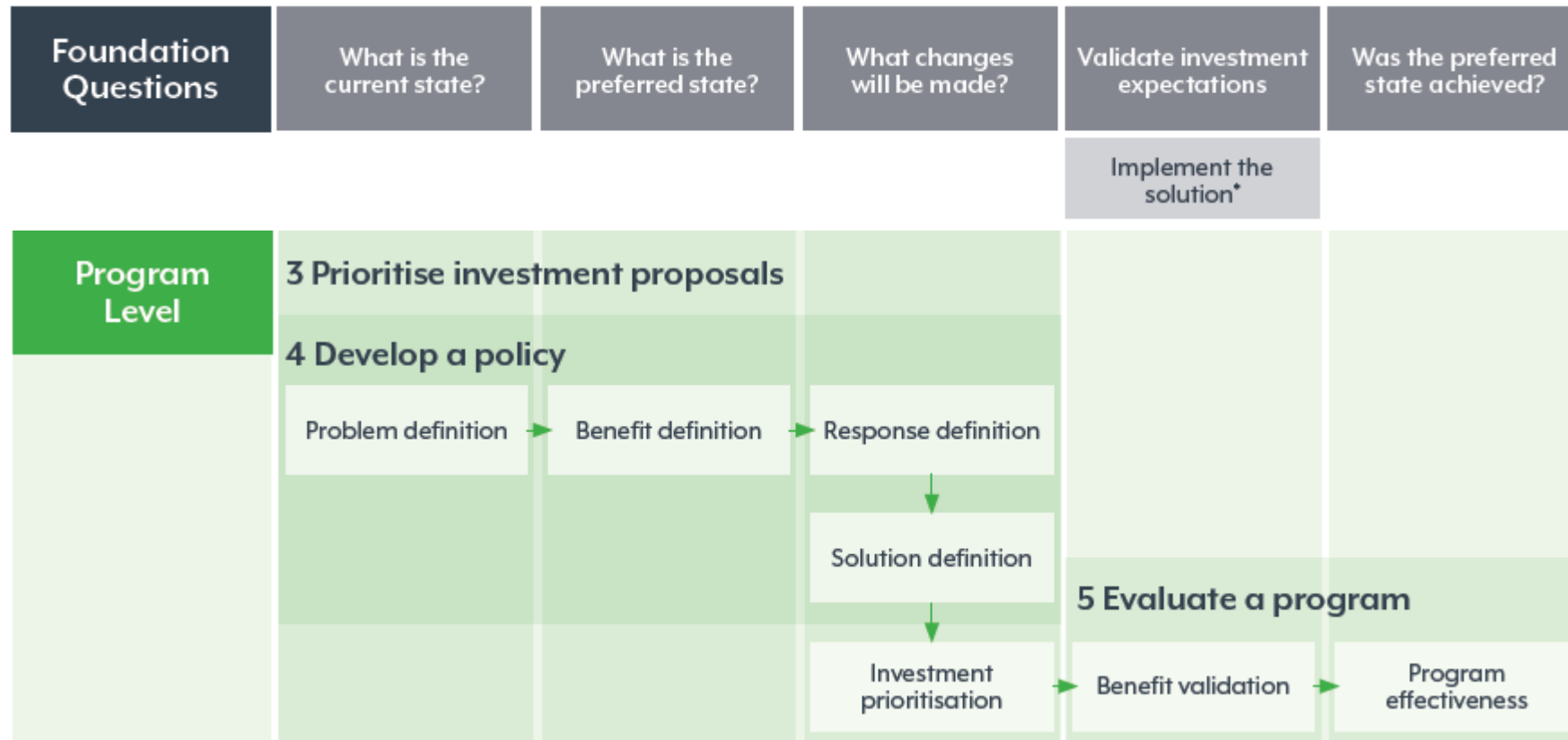


Organisation Level

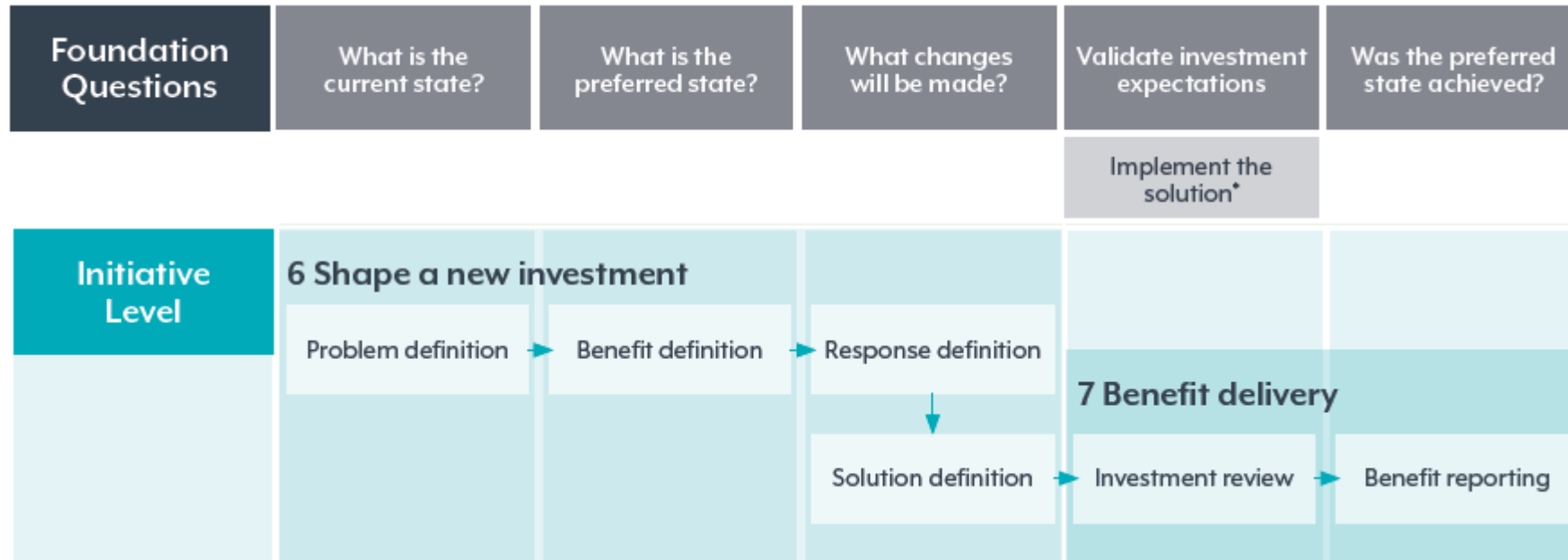


Considered further at investment prioritisation.

Program Level



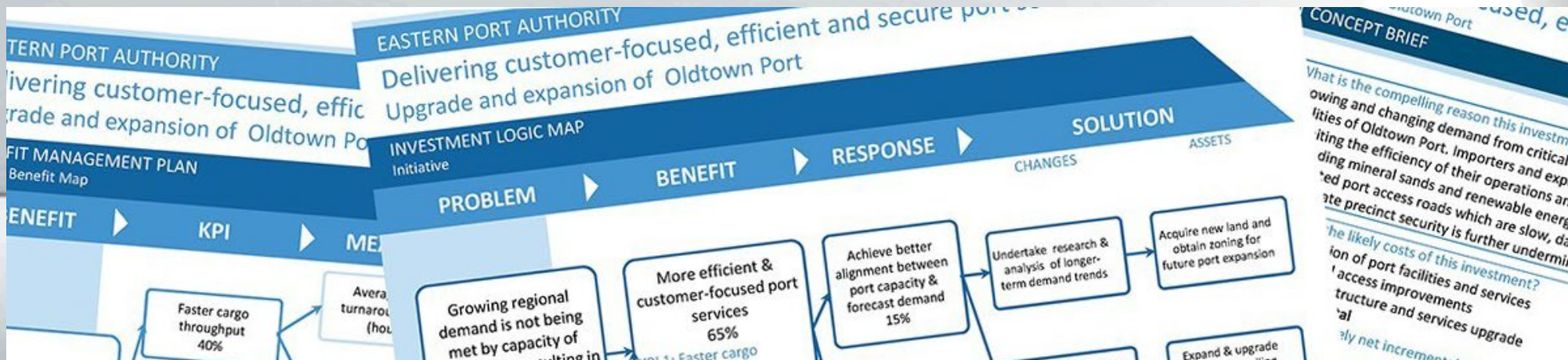
Initiative Level



Applied at the “Shaping new investments” stage, the first goal of the Investment Management Standard is to extract the information that decision-makers need to decide whether a potential investment should proceed to the business case stage, be funded, or be stopped. The 16Questions tool can support this decision.

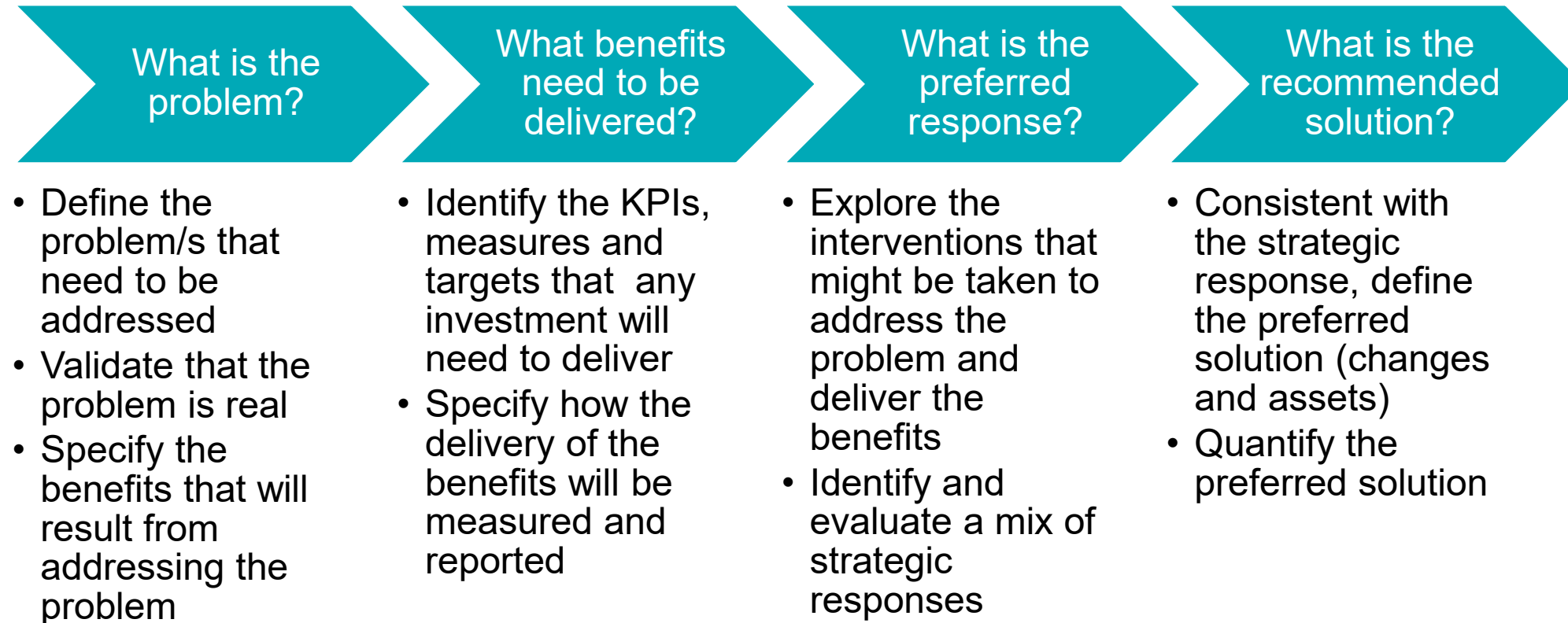
Investment Logic Maps

Doing the things that matter most



The 'informed discussions' (4 workshops)

...structured to extract the critical information that tells 'the investment story' that is the foundation of a business case



IMS 'line of enquiry'

The IMS involves a series of up to four facilitated workshops that step participants through a 'line of enquiry' and help decision-makers determine whether:

- there is a real, evidence-based problem that needs to be addressed now and by this government
- the benefits which will be delivered through successfully addressing the problem are of high value to the organisation and the community
- the benefits' KPIs are meaningful, measurable and attributable to the investment and are worth tracking and reporting
- the way the problem will be addressed is strategic, feasible, and innovative
- the solution is likely to be delivered within time and budget constraints
- the solution can be applied flexibly to manage uncertainty and adapt to changing conditions and demand.

What preparation is required?

To ensure that the problem definition workshop is useful and efficient it is important that all participants, including the investor, understand the intent of the workshop and the expectations of participants.

- Understand your roles and responsibilities as a participant and ensure you have the depth of understanding of the issues required. The workshop is very time-constrained and cannot become a forum in which issues are explained in detail
- the investor needs to direct the participants to make themselves very familiar with any existing relevant materials such as: briefing papers, background reports, external reviews, internal management reports etc.
- confirm the owners of key evidence are in attendance and ensure that they can refer to it authoritatively during the workshop, when required. A key part of this workshop is to confirm that evidence exists to substantiate the problem(s)

It is not necessary to bring materials to the workshop

Define the problem first – not the solution

What issue(s) are we trying to solve or address?



What is the:

- cause of the problem?
- effect of the problem on the organisation and/or community?
- case for intervention to address the problem?



What evidence might be used to support this?

Understanding the problem



Questions to consider include:

- What is broken or not working?
- What adverse outcomes evidence needs addressing?
- What will happen if we 'do nothing'?
- Why do we need to respond now?
- What is the driver or cause?
- What evidence demonstrates the relationship between the cause and the effect?

Good problem statements

They are:

- Correctly constructed with **cause** and **effect**
- Supported by evidence that the problem exists and that there is a correlation between the cause and effect
- The effect is an end consequence that is measurable NOT an intermediate outcome which is less compelling
- Is compelling and is something that we care about

Opportunity or need

Whilst it is possible to have an opportunity or need (and the guidance talks about these as options) in practice this is extremely rare

Things that are typically not 'problems'



Public commitments



Legislative requirements

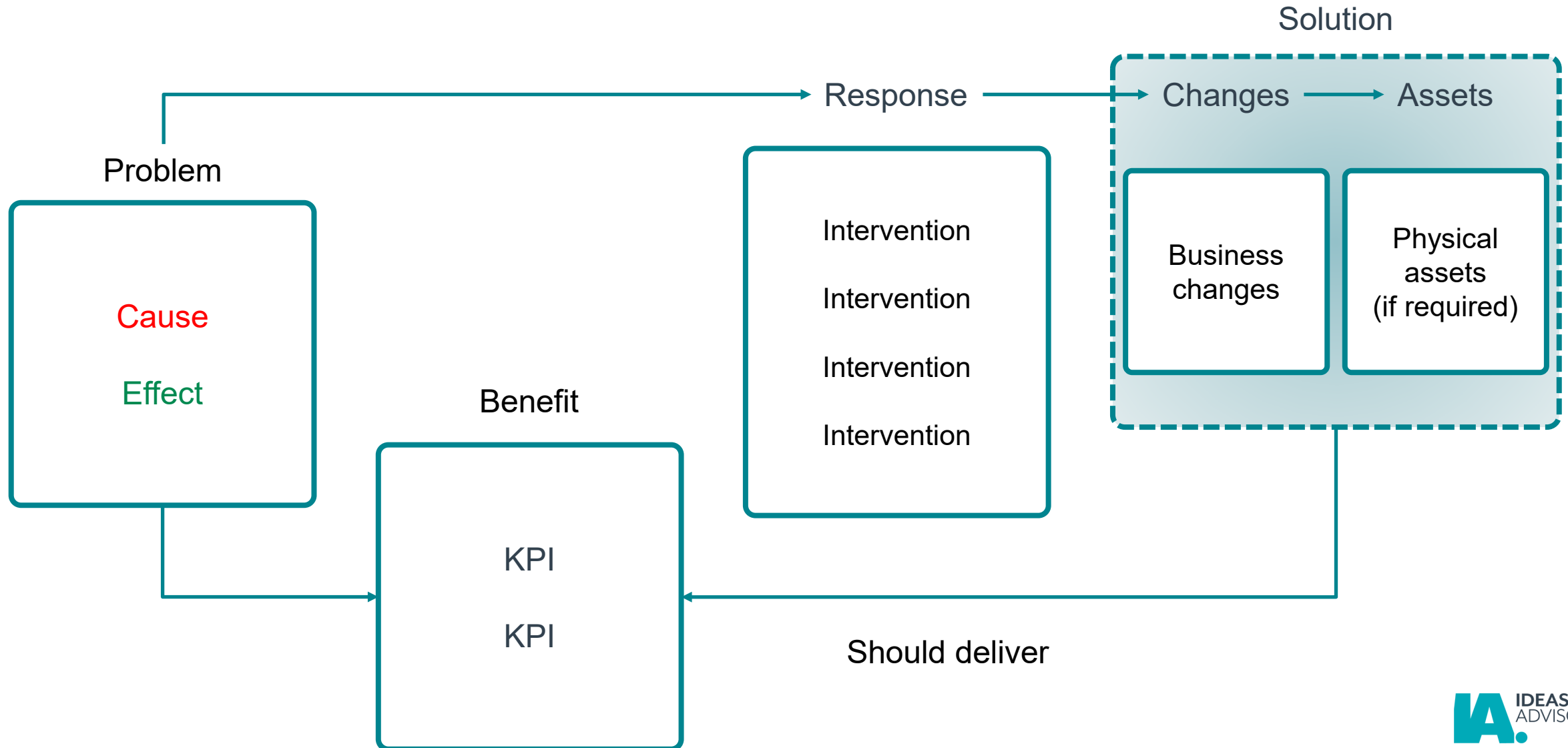


Old assets

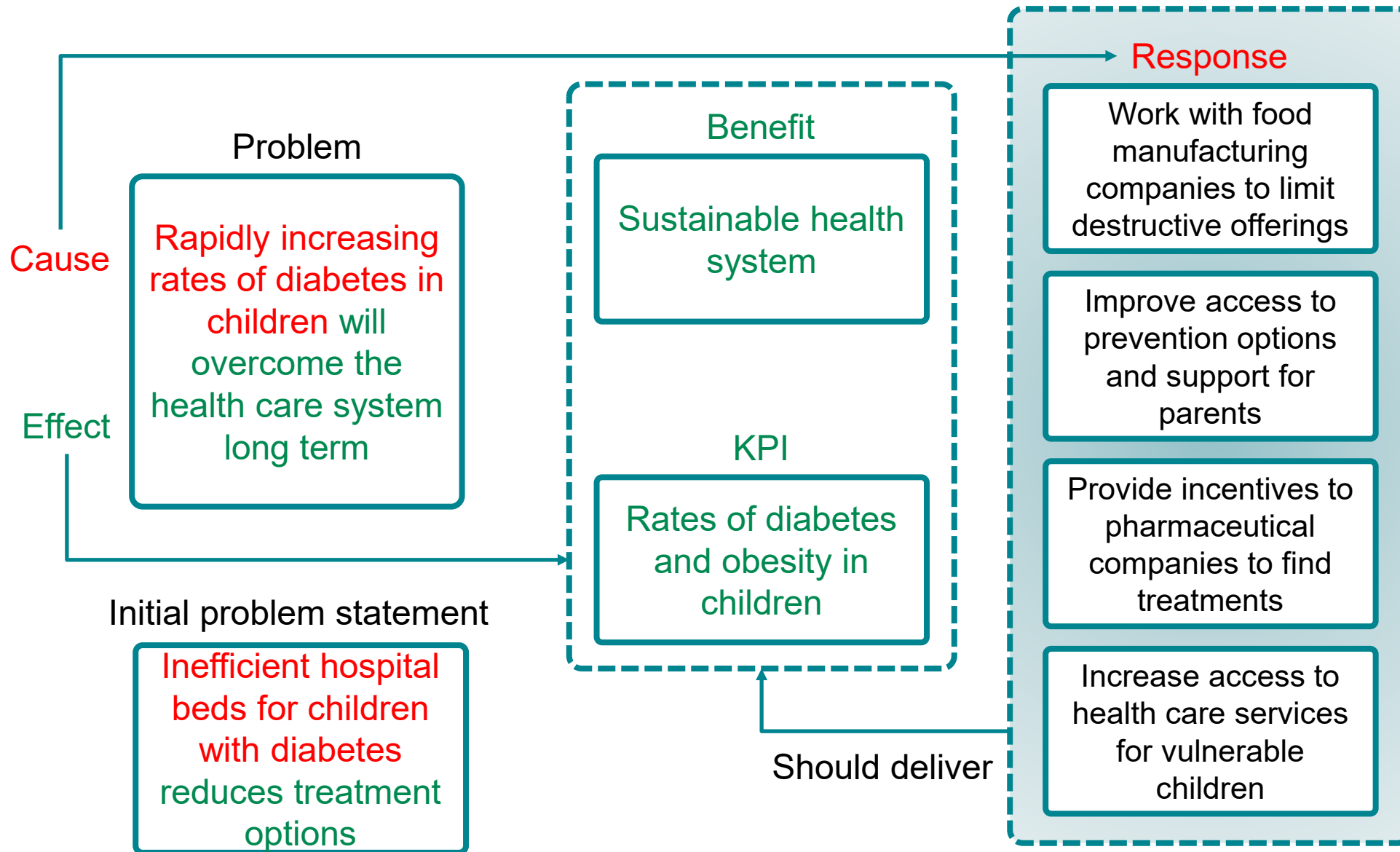


Not enough funding

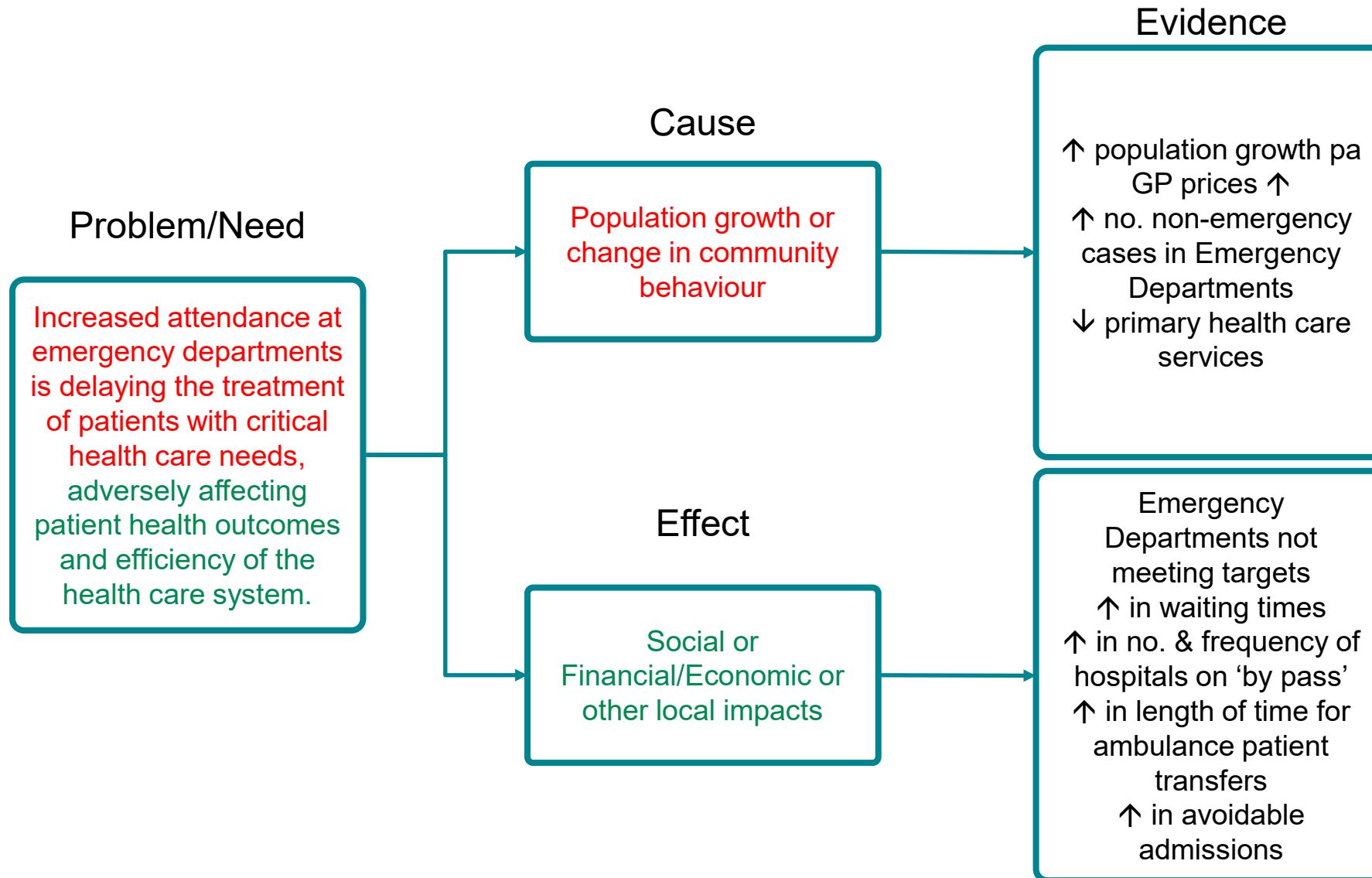
Logic flow through the ILM



From problems to benefits and strategic interventions

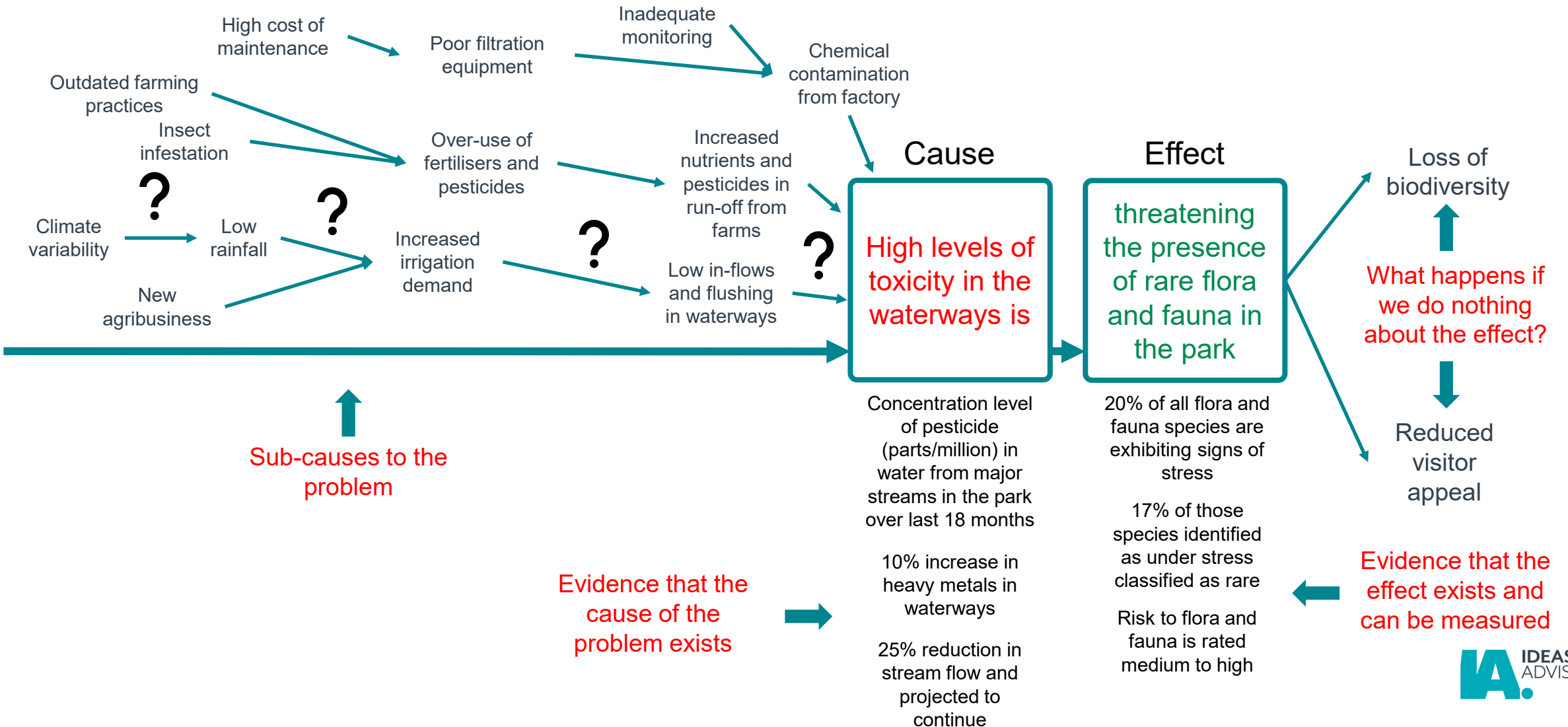


Example of a problem



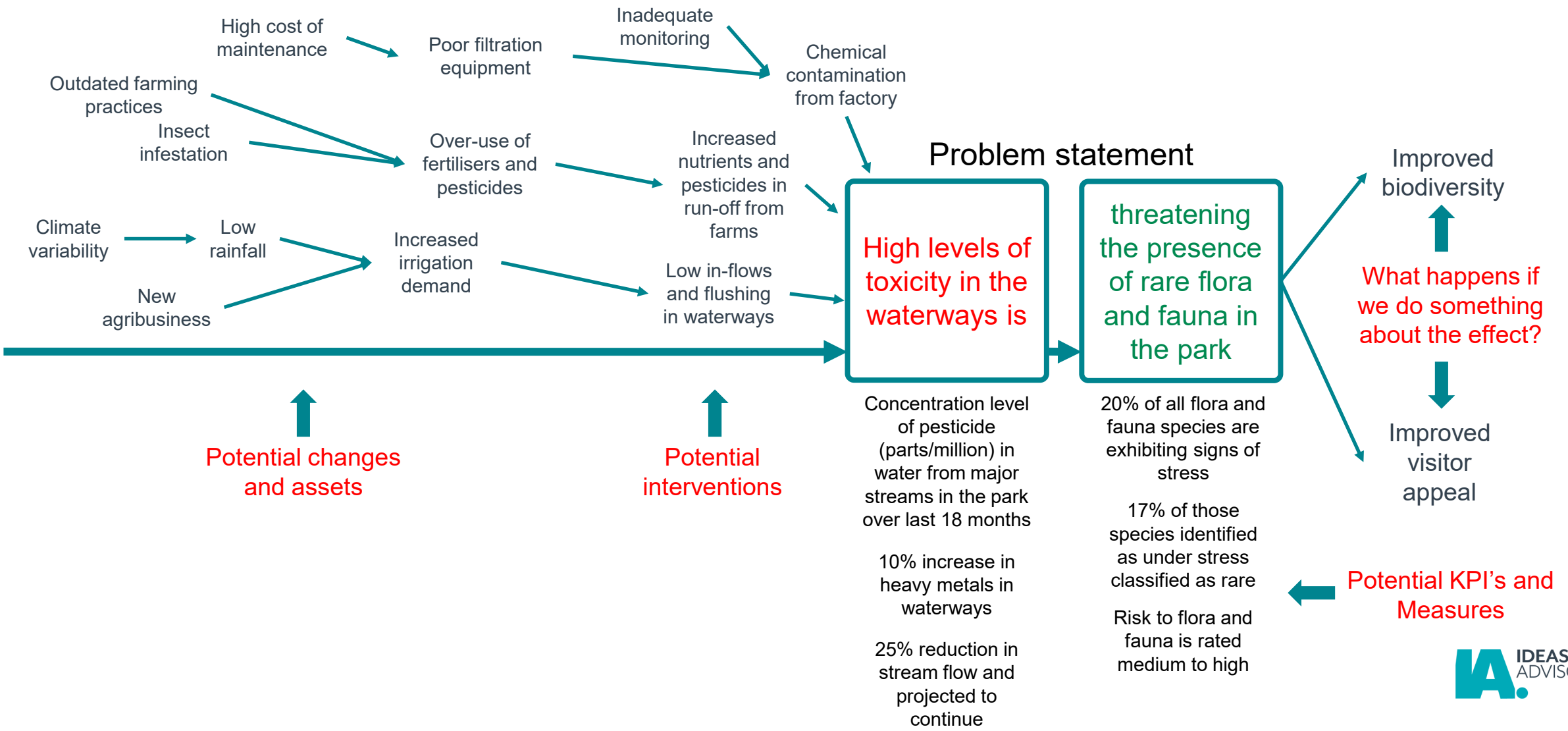
Problem trajectory

High levels of toxicity in the waterways is threatening rare flora and fauna in the park



The problem trajectory builds the investment story

High levels of toxicity in the waterways is threatening rare flora and fauna in the park



ILM Checklist

The investment story is clear and easy to read and understand and the language is plain but precise

The title describes the most significant overarching business outcome or benefit that will be achieved, and the sub-heading gives an understanding of the solution

Problem statements contain a clear cause and effect relationship that is supported by evidence and provides insight into who and what is involved and why this is important

There are no more than four problems and no problem is weighted less than 15 per cent

Benefits align with the priorities of the organisation

There are no more than four benefits with a total weighting adding up to 100% and the distribution of % in respect of the problem weightings makes sense

KPIs are outcome focused and are meaningful, measurable and attributable to this investment

The preferred response contains a combination of interventions that deliver the KPIs and solves the problem and includes more than just supply-based interventions

There are no more than four interventions with total weighting adding up to 100 per cent and the distribution of % from one element to another makes sense

Changes and business changes and are linked to the interventions

There are no more than six changes

Assets are hard physical infrastructure and are linked to at least one change (note: People are not assets in this context)

The ILM template is current and at the correct level – Initiative, Program or Organisation (note: DTF has only released Initiative level publicly)

Box and font size has not been altered

Control fields are completed and updated



The IMS impact

What impact is it having?

- Changes the way people think about investments (moved from funding to investing)
- Provides a line-of-sight between good policy and its implementation
- Brings everybody to the same page
- Focuses on what really matters
- Makes investments accountable for the benefits they are expected to deliver

This all results in better government ... and substantial cost savings



GETTING STARTED

How people and organisations can adopt the IMS

Contact Details / Useful websites

The investment management standard (IMS)

<https://www.dtf.vic.gov.au/infrastructure-investment/investment-management-standard>

Investment management team (Greg Hilton)

e InvestmentManagement@dtf.vic.gov.au

The Investment Lifecycle and High Value High Risk Guidelines

<https://www.dtf.vic.gov.au/infrastructure-investment/investment-lifecycle-and-high-value-and-high-risk-guidelines>

The Gateway Review process

<https://www.dtf.vic.gov.au/infrastructure-investment/gateway-review-process>

Greg Gough - Ideas Advisory - Accredited Facilitator

p 0411 885 889 e greg@ideasadvisory.com.au w www.ideasadvisory.com.au

Investment Management Standard Facilitator

Accredited facilitator process

<https://www.dtf.vic.gov.au/investment-management-standard/investment-management-facilitator-training-and-accreditation>

Accredited facilitators

<https://www.dtf.vic.gov.au/support-departmental-users/book-investment-management-standard-facilitator>

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